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UNITED STATES BANKRUPTCY COURT  
CENTRAL DISTRICT OF CALIFORNIA  
NORTHERN DIVISION

In re	)	Bk. No. 9:19-bk-11573-MB
HVI Cat Canyon, Inc.,	)	Chapter 13
	)	
Debtor.	)	
		<b>EX PARTE MOTION FOR ISSUANCE OF ORDER TO SHOW CAUSE IN RE CONTEMPT</b>

No Hearing Set

GRL, LLC requests that this Court issue an Order to Show Cause to Trustee Michael McConnell directing him to establish that he has complied with Court Orders requiring him to segregate amounts for administrative expenses of the estate due or allegedly due to GRL, LLC and GLR, LLC, as well as to show cause that his and his agents' statements regarding the same have not been an attempt to mislead the Court as follows:

**FACTS**

The Court knows the facts. GRL, LLC and GLR, LLC have consistently taken the position that the Trustee has not funded the insider escrow account as required by numerous Court Orders. The Trustee is fond of providing no information to GRL, LLC and GLR, LLC, then arguing that they cannot prove a case, since they do not know the facts. At a hearing on May 19, there was further discussion of the possible need to file this motion. At that time, counsel for the Trustee suggested that a deposit would be made for the month of March within a day or so. As an offer of proof, since then, there has been no

1 accounting given for March, 2020. Whether there has been a deposit is information within the Trustee's  
2 control.

3 As an offer of proof, counsel for GRL, LLC and GLR, LLC promptly contacted counsel for the  
4 Trustee after the statements made in the March 19 hearing. Counsel for the Trustee promised  
5 information by May 29, 2020, but sent an e-mail saying they were "still working on this". The Trustee  
6 must explain to the Court why it is impossible to account for payments made months ago in a timely  
7 manner.

8 First, there is no dispute that the previous orders of the Court required the Trustee to deposit  
9 royalties owed to GRL, LLC and rents due to GLR, LLC into an escrow account (see Request for Judicial  
10 Notice [hereafter "RJN"]).

11 Second, the information and documents attached to GRL, LLC and GLR, LLC's Motion to  
12 Reconsider and Reply Brief re Motion to Reconsider (see RJN) make out a prima facie case that the  
13 Trustee has violated the Court Orders in at least the following manners:

14 1. Failing to timely fund the escrow account. The Trustee has taken the position at various  
15 times that royalties for a month are to be paid with thirty days of the end of the month, and within sixty  
16 days of the end of the month. The Trustee has not complied with either time line.

17 2. Failing to account for the difference between the Debtor's books and the amounts  
18 deposited by the Trustee for the months of August through November, 2019, and amount in excess of  
19 \$40,000.00.

20 3. Failing to make a sufficient deposit for the months of August through November, 2019.

21 4. Failing to make any deposit for the month of January, 2020, and amount in excess of  
22 \$10,000.00.

23 5. Failing to pay or account for March or April royalties through and including May 30, 2020.

24 6. In addition, the Trustee must establish that he did not attempt to mislead the Court in at  
25 least three different ways; a) by making a declaration that he had "segregated an additional \$70,000." ; b)  
26 by making a sworn statement that he "accounted for the professional fees and insider or affiliate royalties  
27 incurred during my tenure, setting aside and accounting for those monies"; and c) by repeatedly stating to  
28

1 the Court (and having his counsel and COO state the same) that the escrow account was being timely and  
2 properly funded.

3 A prima facie case has been established. The Court should issue its Order to the Trustee, the  
4 party with possession of all the pertinent facts, to invite the Trustee to establish that he has been  
5 forthright with the Court and complied with the Orders of the Court.

6 Respectfully submitted,

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8 Dated: May 30, 2020

BEALL & BURKHARDT, APC

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10 By: William C. Beall  
11 William C. Beall, Counsel for GRL, LLC and  
12 GLR, LLC  
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